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STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Testimony

Insurance and Real Estate Committee


March 18, 2014

**Raised S.B. No. 480 AN ACT CONCERNING LIFE INSURANCE PRODUCER
LICENSES AND REGISTRATIONS OF BROKER-DEALERS, AGENTS,
INVESTMENT ADVISERS AND INVESTMENT ADVISER AGENTS.**

Senator Crisco, Representative Megna, and members of the Insurance and Real Estate Committee, the Insurance Department appreciates the opportunity to provide testimony on raised **Senate Bill No. 480: An Act Concerning Life Insurance Producer Licenses and Registrations of Broker-Dealers, Agents, Investment Advisers and Investment Adviser Agents**. Generally, raised Bill No. 480 would require the Banking Commissioner to provide a monthly list to the Insurance Commissioner of individuals registered with the Banking Commissioner pursuant to section 36b-6 of the general statutes and those individuals who have had such registration denied, suspended or revoked during the preceding ten years, and to require the Insurance Commissioner to take such denial, suspension or revocation into consideration with respect to application for and continuation of life insurance producer licenses.

Department appreciates the intent of this bill. However, the Department already receives information pertaining to those that have had registrations denied, suspended or revoke from the Banking Department. The two Departments and our Commissioners share a strong, professional relationship. There is no need to codify in statute that the Department of Banking be required to provide the Insurance Department a monthly list. Alternatively, the Insurance Department would suggest replacing section one with language that clarifies the requirements that applicants for a producer license – whether with life line of authority, property and casualty line of authority or any other line of authority – be properly qualified and trustworthy and that granting such license is not against the public interest is applicable to all individual applicants.

Department strongly opposes sections two through five. The Department respectfully requests that S.B. 480 be amended to strike sections two through five in their entirety from the underlying bill. The Department strongly opposes any proposed changes to sections 38a-702e, 38a-702f, 38a-702g or 38a-702k of the Connecticut General Statutes, as proposed by sections 2 through 5 of the bill. Sections 38a-702a through 38a-702r, inclusive, of the Connecticut General Statutes are part of legislation that was enacted to bring Connecticut law into compliance with the federal uniform provisions on financial modernization laws set forth in the Gramm-Leach-Blighly Act, Public Law 106-102, whose purpose was to organize the licensing statutes of all states in the same manner so as to promote uniformity and reciprocity among all states. In addition, in response to the Gramm-Leach-Blighly Act, the states enacted uniform laws to preclude that the authority to regulate the licensing of insurance producers be transferred to the federal



government. Any changes made to these uniform provisions would erode the state's authority that we intended to preserve.

Currently, virtually all states have adopted the model act relating to the licensing of insurance producers in the same format, and departing from such format would create potentially substantial problems for our state. Any changes made to uniform provisions would cause Connecticut to become noncompliant and would have undesirable consequences, such as for example creating potential obstacles for domestic producers seeking to become licensed in other states.

The Department thanks the Insurance Committee Chairs and members for the opportunity to provide this testimony on S.B. 480. We look forward to working with the committee on substitute language.

About the Connecticut Insurance Department: The mission of the Connecticut Insurance Department is to protect consumers through regulation of the industry, outreach, education and advocacy. The Department recovers an average of more than \$4 million yearly on behalf of consumers and regulates the industry by ensuring carriers adhere to state insurance laws and regulations and are financially solvent to pay claims. The Department's annual budget is funded through assessments from the insurance industry. Each year, the Department returns an average of \$100 million a year to the state General Fund in license fees, premium taxes, fines and other revenue sources to support various state programs, including childhood immunization.

General Assembly

Raised Bill No. 480

February Session, 2014

LCO No. 2367

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Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:

(INS)

AN ACT CONCERNING LIFE INSURANCE PRODUCER LICENSES AND REGISTRATIONS OF BROKER-DEALERS, AGENTS, INVESTMENT ADVISERS AND INVESTMENT ADVISER AGENTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective October 1, 2014*) (a)

The Insurance Commissioner may deny an application for an insurance producer license if said commissioner determines that any applicant for an insurance producer license, including an applicant included in the list under subdivision (2) of subsection (a) of this section, is not properly qualified or trustworthy and that granting such license is against the public interest.

